

ISSUE DATE: September 9, 1996

DOCKET NO. P-421/PA-96-803

ORDER APPROVING TRANSFER

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs  
Marshall Johnson  
Dee Knaak  
Don Storm

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Joint Request of US  
WEST Communications, Inc. and Heartland  
Telecommunications Company of Iowa for  
Approval to Transfer Property and Authority

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**PROCEDURAL HISTORY**

On July 10, 1996, US WEST Communications, Inc. (US WEST) and Hickory Tech Corporation (HTC) filed a joint petition to transfer from US WEST to HTC certain physical assets and certificates of public convenience relating to the Minnesota portion of the Rock Rapids exchange.

On July 19 and July 30, 1996, the Department of Public Service (the Department) filed comments recommending Commission approval of the transfer.

The matter came before the Commission for consideration on August 27, 1996.

**FINDINGS AND CONCLUSIONS**

**I. THE PROPOSED TRANSFER OF ASSETS**

US WEST's Rock Rapids exchange lies partially within Iowa and partially within Minnesota. The major part of the exchange is located in Iowa; only 14 customers are served in the Minnesota portion of the Rock Rapids exchange.

US WEST recently sold Rock Rapids and ten other Iowa exchanges to HTC. The transfer of assets was contingent upon approval by the relevant regulatory agencies. On May 30, 1996, the Iowa Utilities Board approved the sale and transfer. Minnesota customers in the Rock Rapids exchange had the opportunity to take part in the Iowa Utilities Board's investigation and hearing process.

In the joint petition, US WEST and HTC stated that the transfer of Minnesota property and authority will have little effect on Minnesota customers. HTC will charge Minnesota customers the rates which US WEST currently has on file. Any future rate adjustments will be made in accordance with Minnesota statutes.

The 14 Minnesota customers will actually be served by Heartland Telecommunications Company of Iowa (Heartland), a wholly-owned subsidiary of HTC. HTC's subsidiaries also include Mankato Citizens' Telephone Company and Mid-Communications, Inc., telephone companies with a solid history of serving Minnesota customers.

The petitioners stated that the transfer will also require the approval of the Federal Communications Commission (FCC). The petitioners' filing with the FCC includes a request for study waivers which would allow deletion of the Minnesota portion of the Rock Rapids exchange from US WEST's Minnesota study area, and for either an amended or new study area for the Minnesota portion of the Rock Rapids exchange now owned by HTC. The FCC has stated that it will not honor study area waiver requests unless the state commission declares that it does not object to changes in study area boundaries. The petitioners asked the Commission to state that it does not object to the FCC granting study area waivers or to any reconfiguration of study area boundaries involving the Minnesota portion of the Rock Rapids exchange.

## **II. COMMISSION ACTION**

The Iowa Utilities Board conducted an investigation of the proposed transfer of assets. Two separate informational meetings were held in Rock Rapids following notice published in the local press. The Iowa Utilities Board held a hearing to determine the propriety of the proposed transfer. All phases of the investigation, public meetings, and hearing were open to Minnesota customers of the Rock Rapids exchange. At no time did a Minnesota customer express dissatisfaction with the transfer.

The Iowa Utilities Board determined that the transfer of the Iowa portion of the assets would provide benefits to customers that exceed any costs. The Board approved the sale of assets and transfer of authority from US WEST to HTC.

The Commission finds that the interests of the 14 Minnesota customers in the Rock Rapids exchange have been adequately served through the Iowa investigation, public meeting, and hearing process. The Commission will not conduct a separate investigation into the proposed transfer. The Commission will approve the transfer of the Minnesota portion of the Rock Rapids exchange from US WEST to Heartland, a subsidiary of HTC. The Commission will require Heartland to file tariffs with the Department prior to offering service in Minnesota.

The Commission does not object to the FCC's grant of study area waivers and boundary modifications with respect to the Minnesota portion of the Rock Rapids exchange.

## **ORDER**

1. The Commission approves the transfer from US WEST to Heartland Telecommunications Company of Iowa of the physical assets and certificates of public convenience and necessity for the Minnesota portion of the Rock Rapids exchange.
2. Prior to offering service in Minnesota, Heartland shall file tariffs with the Department.
3. The Commission does not object to the FCC's grant of study area waivers and boundary modifications with respect to the Minnesota portion of the Rock Rapids exchange.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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